

times in order to meet temporary cash deficits in State funds or may borrow in anticipation of taxes levied for any year, or in anticipation of settlement of a bond issue; changing the conditions for these loans, correcting certain language, and stating the intention of this Act.

May 26, 1977

Honorable John Hanson Briscoe
Speaker of the House of Delegates
State House
Annapolis, Maryland 21404

Dear Mr. Speaker:

In accordance with Article II, Section 17 of the Maryland Constitution, I have today vetted House Bill 621.

This bill increases the amounts of money which the Board of Public Works may borrow in order to meet temporary treasury deficits or in anticipation of taxes levied or bonds sold in any year.

The current law authorizes the Board to borrow up to \$50,000 to meet temporary deficits and up to \$1,000,000 in anticipation of taxes. House Bill 621 increases these authorized maximum figures, respectively, to \$2,500,000 and \$50,000,000. The current law was enacted in 1939, and, fortunately, has never been used.

The theory underlying this bill's introduction is that the current authorized dollar amounts are simply not realistic, and that, despite the fact that the Board has never felt the need to use this borrowing power, the time to increase its reserve power is when the power is not needed. I do not necessarily object to some increase in the specific dollar amounts involved, but I believe that the proposed increase to \$50,000,000 is potentially too dangerous.

The type of power given to the Board by House Bill 621 may be used in many types of situations, ranging from a major catastrophe which requires a huge amount of immediate cash, to a temporary payroll shortfall necessitating a small emergency loan. In fact, the possible examples are numerous, in both a sound and a weak economy.

The Board of Public Works is and, fortunately, has been a responsible body. But I fear that the power to borrow on a short-term basis may in the future be considered as an expedient alternative to facing hard fiscal problems realistically. I am haunted by the ease by which short-term borrowing can replace sound financial